

Louisiana Food Bank Association
Baton Rouge, Louisiana

AUDITED FINANCIAL STATEMENTS
June 30, 2012



T W R U

CPAs & Financial Advisors

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Food Bank Association
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Louisiana Food Bank Association (a not-for-profit organization) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Food Bank Association as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2013, on our consideration of Louisiana Food Bank Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

TWRU

CPAs and Financial Advisors
Baton Rouge, Louisiana
May 8, 2013

Louisiana Food Bank Association
Baton Rouge, Louisiana

Statement of Financial Position
June 30, 2012

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 31,243
Receivable from Government Program	184,299
Due from Related Parties	<u>25,000</u>

TOTAL CURRENT ASSETS \$ 240,542

PROPERTY AND EQUIPMENT 3,500

TOTAL ASSETS \$ 244,042

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable	\$ 183,477
Payroll Tax Liability	<u>4,419</u>

TOTAL LIABILITIES (ALL CURRENT) \$ 187,896

NET ASSETS:

Unrestricted	<u>56,146</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 244,042

See accompanying notes to financial statements

Louisiana Food Bank Association
Baton Rouge, Louisiana

Statement of Activities
For the Year Ended June 30, 2012

REVENUES AND OTHER SUPPORT

Member Dues	\$ 25,000
Mazon Grant Income	14,000
Grant from DCFS	500,000
SNAP Revenue	<u>91,207</u>

TOTAL REVENUES AND UNRESTRICTED SUPPORT \$ 630,207

EXPENSES:

Program Expense	678,813
Management and General	<u>28,203</u>

TOTAL EXPENSES 707,016

CHANGES IN NET ASSETS (76,809)

NET ASSETS, BEGINNING OF YEAR 132,955

NET ASSETS, END OF YEAR \$ 56,146

See accompanying notes to financial statements

Louisiana Food Bank Association
Baton Rouge, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2012

	Program Expenses	Management and General	Total
Contract Personnel	\$ 3,171	\$ 4,757	\$ 7,928
Professional Fees	1,600	2,400	4,000
Insurance	793	1,190	1,983
Marketing	30,000	-	30,000
Miscellaneous	193	290	483
Salaries and Payroll Taxes	11,995	17,992	29,987
Food Purchases	499,178	-	499,178
Office Supplies/Postage	16	24	40
Travel Expense	1,034	1,550	2,584
SNAP Reimbursement Expense	130,833	-	130,833
TOTAL EXPENSES	\$ 678,813	\$ 28,203	\$ 707,016

See accompanying notes to financial statements

Louisiana Food Bank Association
Baton Rouge, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in Net Assets	\$ (76,809)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities	
Decrease (Increase) in Assets:	
Accounts Receivable	(163,067)
Related Party Receivable	(25,000)
Increase (Decrease) in Liabilities:	
Accounts Payable	156,568
Payroll Liabilities	<u>4,419</u>

NET CASH USED BY OPERATING ACTIVITIES \$ (103,889)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment (3,500)

NET DECREASE IN CASH AND CASH EQUIVALENTS (107,389)

BEGINNING CASH AND CASH EQUIVALENTS 138,632

ENDING CASH AND CASH EQUIVALENTS \$ 31,243

See accompanying notes to financial statements

Louisiana Food Bank Association
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-1-
June 30, 2012

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Louisiana Food Bank Association (the Organization) is a not-for-profit entity that was organized for the purpose of providing financial support and consulting to food banks within Louisiana. The Organization is supported primarily through grants. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service.

Program and Supporting Services - The Organization participates in the Supplemental Nutrition Assistance Program (SNAP) funded by the United States Department of Agriculture.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the directions of the governing board. Temporarily restricted assets are resourced that are limited by donor-imposed stipulations that either expires by passage of time or can be fulfilled and removed by specific action pursuant to those stipulations. Permanently restricted assets are those resources whose use is limited to donor-imposed stipulations that neither expires by passage of time nor can be fulfilled or otherwise removed by specific action.

Cash and Cash Equivalents – For purposes of reporting cash flows, the Organization considers all highly liquid investment purchases with maturity of three months or less to be cash equivalents.

Property and Equipment – Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Maintenance and repairs are charged against earnings when incurred. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in current period earnings. The estimated useful lives for significant property and equipment categories are as follows:

Property and Equipment	5 to 15 years
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Donated Services – No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. Some Board Members volunteer their time and perform a variety of tasks that assist with administrative programs.

Expense Allocation - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated, by management, among the programs and supporting services benefited.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Louisiana Food Bank Association
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-2-
June 30, 2012

NOTE 2: DUE FROM GOVERNMENT PROGRAMS

In May 2011, the Organization began participating in the Supplemental Nutrition Assistance Program (SNAP). This program is a federal governmental program run by the USDA and is administered by the Louisiana Department of Children and Family Services. Reimbursements are based on actual expenses incurred by the food banks in Louisiana. Currently, two food banks are participating in this program. Reimbursement requests are submitted by the Organization. Once the Organization received the reimbursement, it disperses the appropriate amounts according to the affiliated food bank's requests. As of June 30, 2012, the Organization had not received the June reimbursements totaling \$7,123 which is shown as a receivable on the balance sheet.

Effective July 1, 2011, the Organization entered into an agreement with the Louisiana Department of Child and Family Services and the Greater New Orleans Television Foundation (WYES) for reimbursement of food distributions made by the food bank organizations throughout the state. This agreement terminated on June 30, 2012. The maximum amount that can be reimbursed is \$500,000 and reimbursements are based on actual costs incurred by the food banks in Louisiana. As of June 30, 2012, the Organization had not received \$177,176 of contracted reimbursement from the Louisiana Department of Child and Family Services which is shown as a receivable on the balance sheet.

NOTE 3: RELATED PARTY TRANSACTIONS

The Organization receives dues from other food banks in Louisiana. Member dues had not been collected at year end and shown as a receivable on the balance sheet. Amounts owed at June 30, 2012 are \$25,000.

The Organization reimburses food banks in Louisiana for food purchases with funds collected from grants and government programs. AS of June 30, 2012, the Organization had reimbursed \$464,969 to food banks.

The Organization's office is in the Greater Baton Rouge Food Bank's warehouse. There is no rent paid to the affiliate nor is there a written agreement between the two parties. No amounts have been recorded for the donated space as the amounts were not deemed material.

NOTE 4: INCOME TAXES

On July 1, 2009, the Organization adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Organization's administration recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization's administration has evaluated its position regarding the accounting for uncertain income tax positions. The Organization's administration does not believe that it has any uncertain tax positions. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before 2009.

NOTE 5: COMMITMENTS

Beginning May 2011, the Organization was allocated funding from the SNAP program. A portion of this revenue is allocated to two member food banks in Louisiana. As of June 30, 2012, the Organization owed the other food banks \$7,123. This amount is included in accounts payable.

The Organization was allocated \$500,000 from the Louisiana Department of Child and Family Services to reimburse food banks around the state for the replenishment of food that has been distributed. As of June 30, 2012, the Organization owed other food banks \$177,176. This amount is included in accounts payable.



Louisiana Food Bank Association
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-3-
June 30, 2012

NOTE 6: CONCENTRATION OF GRANTS

During the year ended June 30, 2012, the Organization received approximately 94% of its total revenue from two grants.

NOTE 7: SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through May 8, 2013, the date the financial statements were available to be issued.



REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Louisiana Food Bank Association
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Food Bank Association (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated May 8, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Louisiana Food Bank Association is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Louisiana Food Bank Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Food Bank Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in 2012-1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Food Bank Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-1.

Louisiana Food Bank Association's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Louisiana Food Bank Association's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TWRU

CPAs and Financial Advisors
Baton Rouge, Louisiana
May 8, 2013

Louisiana Food Bank Association
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2012

Finding Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

Finding Reference Number 2012-1

Condition: The annual audit was not submitted to the Louisiana Legislative Auditor by the due date.

Criteria: Regulations require an annual audit in accordance with Yellow Book requirements be completed six months after year end.

Effect: The Organization was 6 months late in submitting the audit.

Cause: The Organization was not aware they were required to file the audit with the Louisiana Legislative Auditor.

Recommendation: Management should be familiar with the reporting requirements for Yellow Book audits when funding is received from sources that are state agencies.

Auditor's Summary
Of Auditee's Response: Management will work with its auditors to have information submitted in a timely manner.